

**The Dismal State of the Nation's  
Teen Summer Job Market, 2008-  
2012, and the Employment Outlook  
for the Summer of 2013**

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## Introduction

Regrettably, the last decade in the United States has been labeled a “lost decade” by a number of economic and social science analysts.<sup>1</sup> Total nonfarm payroll employment failed to experience any net growth between 2000 and 2010, yielding a decade with the poorest job creation performance in the past 70 years. All persons under 55 years of age were less likely to be working in 2011-2012 than in 2000, with the size of declines in these employment rates being strongly connected with one’s age. Persons 55-57 years of age basically held their own while persons 58-79 were more likely to be working in 2010-2011 than in 2000. Employment has declined far more among teens (16-19) and young adults (20-24) than any other age group in the country.<sup>2</sup> Job growth after the end of the Great Recession of 2007-09 still has left our teens far behind their older counterparts, having not generated even one net new job for them since the last quarter of 2009. In the “full employment” year of 2000, 45 per cent of the nation’s teens (16-19) were employed during an average month. By 2003, their employment/population ratio had declined to 36.8% and basically remained stagnant over the next three years while all other age groups saw an increase in their employment rates between 2003 and 2007. By 2007, the teen employment-population ratio dropped slightly below 35% and declined steadily through the Great Recession and the jobless recovery. In 2011 and 2012, only 26 per cent of the nation’s teens held any type of paid job, the lowest annual average employment rate in the history of our country in the post-World War II era.

The joblessness problems of the nation’s teens are present year-round, including the summer months which traditionally have been the peak employment season for teens. Summer employment rates (not seasonally adjusted) for teens have declined dramatically over the past decade, falling from nearly 52% in the summer of 2000 to slightly under 40% in 2007. They continued to fall to just under 30% in the summers of 2010 and 2011 before rising back to above 30% in the summer of 2012 (Chart 1). This steep decline in their employment rate amounted to just over 21 percentage points or nearly 40%. The 2010 and 2011 summer employment rates for

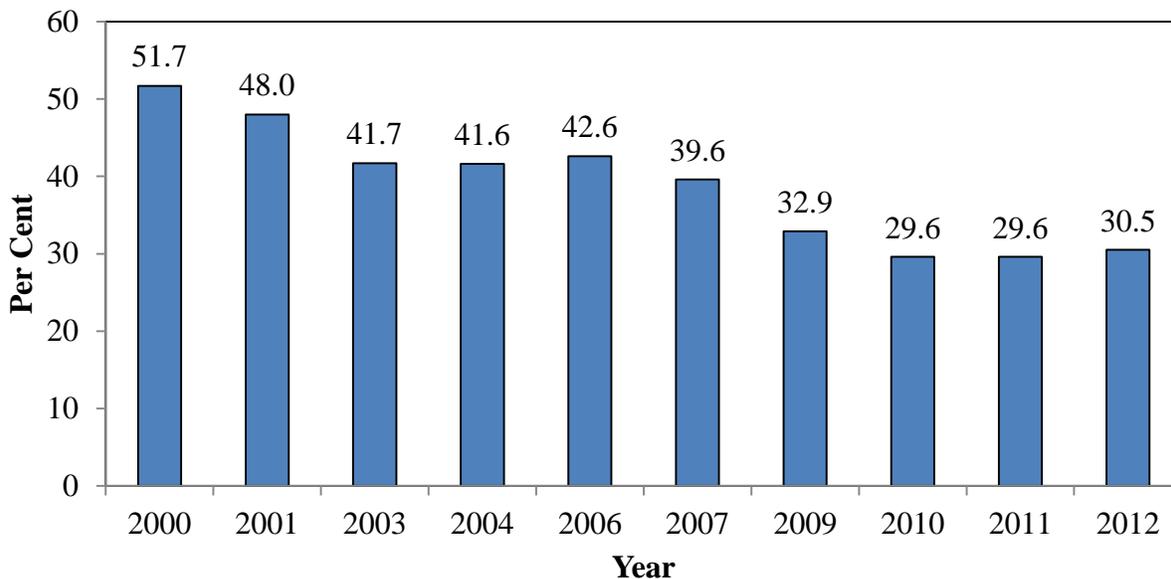
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<sup>1</sup> See: (i) Menzie Chinn and Jeffrey Frieden, Lost Decade: The Making of America’s Debt Crisis and the Long Recovery, W.W. Norton and Company, New York, 2011; (ii) Carl Van Horn, Working Scared Or Not At All: The Lost Decade, Great Recession, and Restoring the Shattered American Dream, Rowman and Littlefield Publishers, Inc., New York, 2012.

<sup>2</sup> Andrew Sum, The Labor Market Experiences of Teens and Young Adults (16-24) in the U.S. from 2000-2012: Implications for Pathways to Prosperity, Prepared for the Harvard Pathways Conference, Cambridge, March 2013.

teens were the lowest in our nation's post-World-War II history. Last summer, the teen employment rate ticked up slightly to 30.5%, one percentage point above the historical lows in 2010 and 2011, but representing the second lowest rate of teen employment in our nation's post-World War Two history.

**Chart 1:**  
**Trends in the Summer Employment Rates of U.S. Teens from 2000 to 2012**  
(June – August Averages Not Seasonally Adjusted in %)



### **Who Worked in the Summer of 2012?**

The summer employment rates of the nation's teens have tended to vary quite widely across key demographic groups (age, race-ethnic), family income groups, and geographic areas (states, metropolitan areas, large cities).<sup>3</sup> To identify disparities in teen employment rates across these various groups, we analyzed the findings of the June-August 2012 CPS household surveys by gender, race-ethnic group, family income group, and across states.

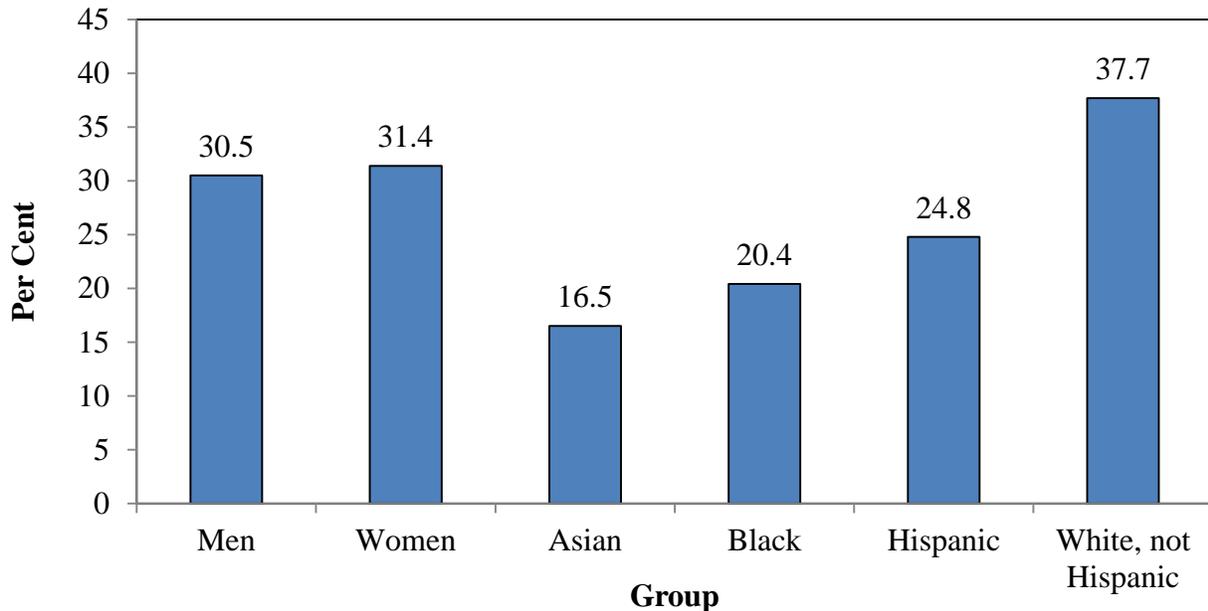
The gender gap in summer 2012 teen employment rates was quite small. Women had a summer employment rate about one percentage point above those of men (31% vs. 30%) (See Chart 2).<sup>4</sup> Gaps in summer teen employment rates were considerably larger across major race-

<sup>3</sup> For a more detailed examination of the 2011 summer job market for teens, see: Andrew Sum, Ishwar Khatiwada, and Sheila Palma, The Dismal State of the Nation's Teen Summer Job Market, 2009-2011, and the Outlook for the Summer of 2012, Center for Labor Market Studies, Northeastern University, May 2012.

<sup>4</sup> Teenaged women also work at higher rates than boys during the entire year.

ethnic groups. They ranged from a low of 16% among Asians to 20% among Blacks, 25% among Hispanics, and just under 38% for White, non-Hispanic youth.

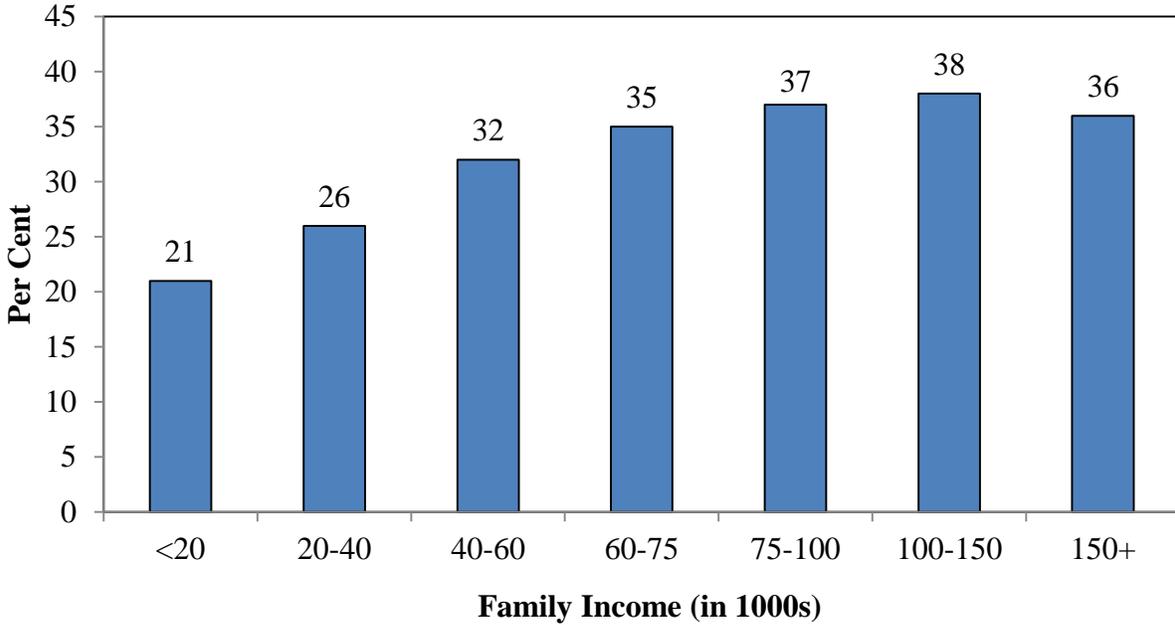
Chart 2:  
2012 Summer Teen Employment Rates by Gender and Race-Ethnic Group  
(June – August Averages in %, Not Seasonally Adjusted)



The summer 2012 employment rates of teens also varied quite widely across family income groups. We divided the annual incomes of the families of teens into seven categories, ranging from under \$20,000 to a high of \$150,000 or more. Teen employment rates generally tended to rise with family incomes until incomes of \$150,000 or more were reached (Chart 3).

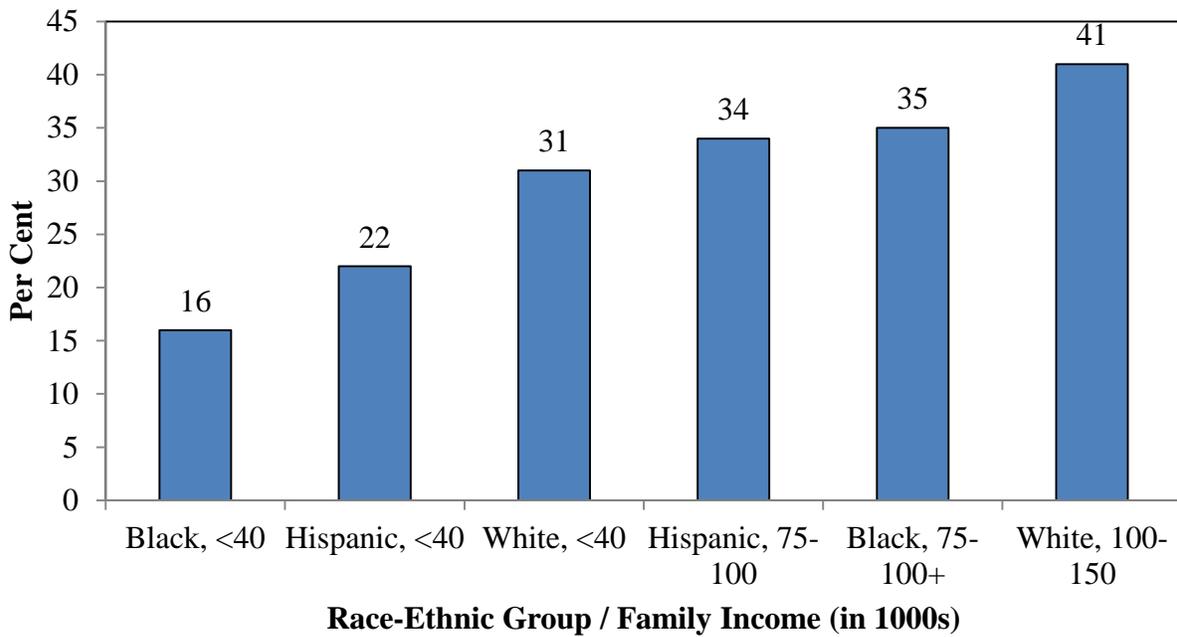
Low income youth were the least likely to work. Last summer, only 1 out of every 5 teens (21%) from a low income family (under \$20,000 in pre-tax annual money income) had a job. Teen employment rates rose steadily as family income grew, increasing to 31% for those teens with a family income between \$40,000 and \$60,000 and to a high of 38% for those with a family income in the \$100,000 to \$150,000 range (Chart 3).

**Chart 3:**  
**Employment/Population Ratios of U.S. Teens 16-19 in the Summer of 2012 by Family Income**  
(in % not Seasonally Adjusted)



When we analyze employment rates for groups of teens classified by their race-ethnic status and family income group, we observe that lower income Black and Hispanic youth were the least likely to work (Chart 4). Last summer, only 16 per cent of Black low-income youth and 22 per cent of Hispanic youth with a family income of less than \$40,000 held a job. For Black youth who were living in a family with an income level of \$100,000 or more, 35 per cent held a job. The rate of employment among White youth with incomes between \$100 and \$150,000 was the highest at 41%.

**Chart 4:**  
Employment/Population Ratios of U.S. Teens 16-19 in the Summer of 2012 in  
Selected Race-Ethnic / Family Income Groups (in %)



The employment rates of teens in the U.S. are characterized by an extraordinary high degree of variability across geographic areas, including regions, states, and metropolitan areas. The relative degree of dispersion in these employment rates across states is higher for teens than for any other age group under age 69 in the U.S.<sup>5</sup> To illustrate the range of the summer teen employment rates in 2011-2012, we calculated the two year average summer employment rate for teens in each of the 50 states and the District of Columbia. The values of the summer teen employment rates for the six states with the lowest and highest employment rates are displayed in Table 1.

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<sup>5</sup> The relative degree of dispersion is represented by the coefficient of variation, which represents the ratio of the standard deviation to the mean.

Table 1:  
The Six States With The Lowest and Highest Teen  
Summer Employment Rates, 2011-2012 Summer Averages (in %)

State	Teen Employment Rate (in %)
<b>Six Lowest</b>	
District of Columbia	18.9
California	20.3
Florida	21.3
Georgia	23.2
Louisiana	23.3
Arizona	23.4
Unweighted Average	21.7
<b>Six Highest</b>	
Montana	47.7
Maine	48.0
Wyoming	48.3
Iowa	49.5
North Dakota	55.7
South Dakota	56.4
Unweighted Average	50.9

The summer employment rates for teens in these top and bottom six states varied considerably. The bottom six states were characterized by teen employment rates that ranged from 19% in the District of Columbia to 23% in Arizona, Georgia, and Louisiana. The average value of the teen employment rates for these six states was slightly under 22%. At the upper end of the distribution, the teen employment rates ranged from approximately 48% for Montana, Maine, and Wyoming to highs of 56% in North and South Dakota. The average (unweighted) teen employment rate for the top six states was approximately 51%, over two and one half times the average teen employment rate for the bottom six states. These large interstate differences in teen employment rates during the summer months are also accompanied by large differences in employment rates during the rest of the year. Lower employment rates among a state's teens not

only reduce their work experiences during the teen years, but also reduce their employment rates and earnings in their early to late 20s.<sup>6</sup>

## **Estimating the Volume of Lost Summer Teen Employment Opportunities in 2012**

The considerable drop in teen employment rates over the past decade has markedly reduced the volume of teen jobs in the summer months. To put the deterioration of the summer employment rate for U.S. teens over the last decade in perspective, it is instructive to identify what teen employment levels would have been like in the summer of 2012 if teens had simply maintained their summer employment rates from earlier in the prior decade. In the year 2000, the average summer employment-population ratio for the nation's teens was 51.7%. Assuming a continuation of this employment ratio for the past summer, how many teens would have been employed last summer? To estimate the hypothetical number of employed teens, we simply need to multiply the number of teens in the population last summer by this 51.7% employment rate. During the June-August period of 2012, there were just under 17 million teens in the civilian non-institutional population. If 51.7% of these teens had been able to obtain a job, there would have been 8.777 million employed teens during an average month in the summer of that year. Compared to the actual average employment level in the summer of 2012 of only 5,179,900, this is a difference of nearly 3.6 million more employed teens, or a relative difference of 70%. The size of this huge gap is due partially to an increase in the size of the teen population in 2012 versus 2000, about a million more teens but more significantly to a steep drop in teen employment rates over this time period.

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<sup>6</sup> See: Sarah Ayres, The High Cost of Youth Unemployment, Center for American Progress, Washington, D.C., April 2013.

Table 2:  
Comparisons of the Hypothetical and Actual Employment Levels of U.S. Teens, 16-19 Years of Age, in the Summer of 2012 (Not Seasonally Adjusted)

(A)	(B)	(C)	(D)
Hypothetical 2012 Annual Average Employment Level (Assuming an Average Summer E/P Ratio of 51.7%)	Actual Average Employment Level in 2012	Absolute Difference (A – B)	Relative Difference (A – B) / B
8,777,000	5,179,000	+3,598,000	+70%

Closing a teen employment gap of this magnitude would take a large scale job creation effort involving teen job creation by the federal and state governments and a concerted effort by the private sector with possible wage subsidies or tax credits from Washington. A series of wage subsidies to private sector firms for the hiring of youth from high poverty neighborhoods under the Youth Incentive Entitlement Pilot Programs in the late 1970s was quite success in creating jobs.<sup>7</sup> At the current time, given debates over the federal budget and the sequestration polices being put into effect, such national job policies to expand teen employment are unlikely to obtain approval. Since the Obama Administration and the U.S. Congress approved a teen summer jobs program in 2009 as part of the American Recovery and Reinvestment Act of 2009, there has been no further attempt to close the teen jobs gap through subsidized job creation or to provide any federal subsidies to private employers to hire teens. Last year, the Obama Administration made a pledge to help generate over 100,000 teen summer jobs, calling on private businesses to provide the jobs and internships for the summer of 2012.<sup>8</sup> However, these jobs were not targeted at any specific group of teens, and there was no clear evaluation mechanism by which to judge who would be served or what the net impact of the initiative would be on the employment of teens. States and cities themselves also have been finding it difficult to provide monies to support job creation although certain cities (Boston, Chicago, New York) have maintained efforts to secure jobs for teens in the private and non-profit sectors.

<sup>7</sup> See: Andrew Hahn and Robert Lerman, What Works in Youth Employment Policy, National Planning Association, Washington, D.C., 1984.

<sup>8</sup> See: (i) “President Obama Pledges 110,000 Summer Jobs in New Program”, Huffington Post, May 2012; (ii) Summer Jobs+ Bank Launches with Jobs and Professional Development Opportunities for Youth, Paul Monteiro, Whitehouse.gov, May 2012.

## **The Outlook for the Summer 2013 Teen Job Market**

How are the nation's teens likely to fare this summer in the job market? Given the very steep drops in their employment rates over the decade and the continued weakness in the teen employment situation during the first three months of this year, the summer job outlook does not appear to be very different from that of last summer although the trend should be modestly upward.

Several years ago, the Center for Labor Market Studies, developed a simple regression model based on national time series employment data back to 1969 for projecting the summer employment rate for the nation's teens. The summer projected employment rate was based on their observed employment behavior during the first four months of each calendar year.<sup>9</sup> For the years from 2004 to 2006, the projected summer employment rates for teens were very close to their actual rates with no gap whatsoever between the actual and predicted rates of teen employment in the summer of 2005 and only a .6 percentage point gap for 2006. In more recent summers (2007 to 2011), the model generated predictions that were slightly too optimistic, yielding projections of teen summer employment rates that exceeded the estimated actual rates of summer teen employment by 1.1 to 2.6 percentage points. The continued deterioration in overall national employment in the late spring of 2008 and 2009 was a likely key factor underlying our too-optimistic employment projections for the summers of those two years. The 2012 projection was nearly exactly on target. Our projected rate of 26.8% was .3 percentage points above the actual rate of 26.5%.

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<sup>9</sup> For a review of the features of this summer teen employment rate forecasting model and the findings of its forecasts in recent years,

See: Andrew Sum, Ishwar Khatiwada, and Joseph McLaughlin, [The Collapse in the Nation's Teen Labor Market and the Case for A National Youth Jobs Creation Program](#), Prepared for the U.S. Congress, House of Representatives, Committee on Education and Labor, Washington, D.C., April 2008.

Table 3:  
Comparisons of the Predicted and Actual Teen Summer Employment Rates from  
2005 to 2012 and the Predicted Teen Summer Employment Rate for 2013  
 (June-August Averages, in %, Seasonally Adjusted)

	(A)	(B)	(C)
Summer of Year	Predicted Rate	Actual Rate	Gap (Actual – Predicted)
2005	36.7%	36.7%	0
2006	37.6%	37.0%	-.6 percentage points
2007	36.5%	34.5%	-2.0 percentage points
2008	34.2%	32.5%	-1.7 percentage points
2009	31.1%	28.5%	-2.6 percentage points
2010	27.4%	25.7%	-1.7 percentage points
2011	26.8%	25.7%	-1.1 percentage points
2012	26.8%	26.5%	-.3 percentage points
2013	27.4%		

Note: The fitted regression model for predicting the seasonally adjusted teen summer employment rate was the following:

$$EMP_{i,t} = 43.8 + .93 (EMP_{j,t} - 43.8)$$

Where  $EMP_{i,t}$  = Predicted seasonally adjusted summer teen employment rate in year t.

$EMP_{j,t}$  = Estimated teen employment rate in the first four months of year t.

During the first three months of this year (2013), the average 27.4 per cent teen employment rate (seasonally adjusted) modestly exceeded that of 2012 at 26.5%. These historically low employment rates for teens in the early months of the year have persisted since 2010. This finding of a slightly improved teen employment rate by itself would be expected to yield a modestly higher employment rate for the nation's teens this summer (2013). Our forecasting model for summer teen employment yields a projected seasonally adjusted employment rate of 27.4% for teen employment this summer (Table 3). This projected rate of teen employment would represent, about a one percentage point improvement over the actual situation in 2012 when the employment rate was 26.5%. However, it would remain nearly 17 percentage points below its actual rate in the summer of 2000 and about 20 percentage points below the rate achieved in the summer of 1989. The teen summer job outlook for 2013 is thus one of a slight improvement over the previous two summers but well below those achieved in earlier years. This projected gain in teen employment will offset only a small portion of the near

3.6 million summer teen jobs deficit. Unfortunately, job creation programs for teens have fallen off the radars of both political parties in the nation's capital. The burden of generating more job opportunities for the nation's teens remains in the hands of state and local political leaders and policymakers many of whom are encountering their own budgetary problems. Much more creative and sustained actions by the public and private sector will be needed to put more of the nation's teens to work.<sup>10</sup> At time for action is now.

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<sup>10</sup> The outplacement firm of Challenge, Gray & Christmas, Inc. has issued a recent research report projecting a stronger job outlook for the nation's teens this summer due to improved private sector hiring and announcement by several large retail firms of expected hiring increases. The firm uses the May-July period to represent the summer. Last year, a similar forecast was made, and the teen employment rate did rise above the summer of 2011 in line with our own projections but we see a gain this year of at most 160,000 new jobs for teens over and above last summer. A massive jobs deficit will exist under each of these two scenarios.  
See: Challenge, Gray & Christmas, Inc., [More Teens Expected to Find Summer Jobs in 2013; Could Reach Pre-Recession Levels](#), Chicago, Illinois, April 2013.